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**MEMORANDUM
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2009 MAY 13 P 4: 17

Arizona Corporation Commission

FROM: Ernest G. Johnson
Director
Utilities Division

EA for EGJ

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED

MAY 13 2009

DATE: May 13, 2009

DOCKETED BY	<i>[Signature]</i>
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RE: **STAFF REVISED** - ARIZONA ELECTRIC POWER COOPERATIVE, INC. -
REQUEST TO EXTEND THE FILING DATE FOR ITS 2009 RATE CASE
(DOCKET NOS. E-01773A-04-0528 AND E-04100A-04-0527 - DECISION
NO. 68071)

In Decision No. 68071, dated August 17, 2005, the Arizona Corporation Commission ("Commission") approved the application of Arizona Electric Power Cooperative, Inc. ("AEPCO" or "Company"), for a rate increase.

The Decision ordered the Company to file the following as a compliance item:

"...file a rate case six months after Sulphur Springs Valley Electric Cooperative, Inc. has completed a full calendar year as a partial requirements member, or not later than five years after the effective date of this Decision, whichever is earlier."

On January 1, 2008, Sulphur Springs Valley Electric Cooperative ("SSVEC") became a partial requirements member. Based upon this information, the required filing date for the rate case would be July 1, 2009.

On April 13, 2009, AEPCO filed a request to extend the filing date for its 2009 rate case to no later than October 1, 2009. On April 27, 2009, Staff filed its recommendation concerning the Company's request for extension of time.

On May 4, 2009, AEPCO filed a revised proposal in relation to the filing date for its 2009 rate case filing. The Company believes that an October 1, 2009 filing date, utilizing a March 31, 2009 test year, would be acceptable and would address the state test year concerns raised by Staff.

On May 4, 2009 and May 7, 2009, SSVEC and Mohave Electric Cooperative ("Mohave"), respectively, filed comments in regards to the extension of time. Both SSVEC and Mohave concur with the proposal of a test year ending March 31, 2009, with an October 1, 2009 filing date, is reasonable.

Staff contacted Mr. Michael Grant, attorney for AEPCO, to verify that the March 31, 2009, test period would provide clean data for the rate case. Mr. Grant indicated that AEPCO is

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not aware of any significant accounting adjustments or issues in relation to a March 31, 2009 test year, different than the adjustments or issues involved in the 2008 calendar fiscal year.

Staff is amenable to the proposed dates offered by the Company and recommends the Commission extend the time for AEPCO to file a permanent rate case to no later than October 1, 2009 utilizing a March 31, 2009 test year. Staff continues to recommend that any of the comparative years utilized in the rate case filing utilize the same year end date as the test year.

EGJ:KDB:lhv

Originator: Kimberly D. Battista

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DOCKET NOS. E-01773A-04-0528 AND E-04100A-04-0527

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